

Accessions to the World Trade Organization

Status

Countries seeking to join the WTO must negotiate the terms of their accession, as mandated by Article XII of the WTO Agreement. The WTO Members are considering thirty-three applications for WTO Membership. This is a record high level. The Kyrgyz Republic and Latvia became Members on January 20, 1999 and February 11, 1999, respectively, after their parliaments ratified the negotiations completed in October 1998. Estonia followed as the 135th WTO Member on May 21. Georgia and Jordan completed negotiations and submitted to their parliaments the accession package which had been approved by the General Council in October and December 1999, respectively. Both countries intend to become Members by the end of March 2000. Croatia and Albania substantially completed negotiations on accession terms in 1999, but were not able to see the process through to completion that year. Armenia, China, Lithuania, Moldova, Oman, Chinese Taipei (Taiwan), and Vanuatu are relatively advanced in the accession process, and may complete negotiations in 2000, along with Croatia and Albania.

The General Council accepted new accession applications from Lebanon, Bhutan, and Bosnia-Herzegovina during 1999. Cape Verde also requested initiation of accession negotiations, but the application had not been acted upon before the end of the year. Azerbaijan, Cambodia, and Sudan activated their accession negotiations by submitting initial information on their trade regimes, reducing to six the number of accession applicants that had not yet activated negotiations. Working Party meetings were convened for Andorra, Armenia, China, Croatia, Estonia, Georgia, Jordan, Lithuania, Moldova, Oman, Russia, Saudi Arabia, Chinese Taipei (Taiwan), Vanuatu, and Vietnam. The chart included in the Annex to this section reports the status of each accession negotiation.

Accession Process

Article XII of the WTO Agreement states, that to become a WTO Member, applicants must negotiate terms of accession to the organization with current WTO Members. After accepting the application, the WTO General Council establishes a Working Party to review information on the applicant's trade regime and to conduct the negotiations. Accession negotiations are time consuming and technically complex. They involve a detailed review of an applicant's entire trade regime by the Working Party. Applicants must be prepared to make legislative changes to implement WTO institutional and regulatory requirements, to eliminate existing WTO-inconsistent measures, and to make specific commitments on market access for goods and services.

The terms of accession developed with Working Party members in these bilateral and multilateral negotiations are recorded in an accession "protocol package" consisting of a Working Party report and Protocol of Accession, consolidated schedules of specific commitments on market access for imported goods and foreign service suppliers, and agriculture schedules that contain commitments on export subsidies and domestic supports. The Working Party adopts the completed protocol package containing the negotiated terms of accession and transmits it with its recommendation to the General Council or Ministerial Conference for approval. The United States conducts domestic consultations during the course of negotiations. Prior to General Council approval of the protocol package, the USTR transmits the package to Congress for consideration, as provided for in section 122 of the Uruguay Round Agreements Act. Any WTO Member intending to invoke the non-application provisions of the WTO Agreement must notify the WTO prior to General Council approval of the protocol package. After General Council approval, accession applicants normally submit the package to their domestic authorities for ratification. Thirty days after the instrument of ratification is received in Geneva, accession to the WTO occurs. Ultimately, the pace of the

accession process is up to the applicant, and depends on the ability to comply with WTO provisions and agree on market access terms.

Assessment of the First Five Years of Operation

While the broad outlines of the WTO accession process are the same as they were under GATT 1947, the scope of the negotiations has broadened and the requirements strengthened to reflect the expansion of obligations that occurred when the WTO was created. The WTO accession negotiations give current Members, including the United States, an opportunity to seek from the applicant elimination of barriers to trade and to ensure that WTO provisions are observed. In addition, tariff and other requirements on trade in goods and services in the applicant's trade regime can be liberalized and bound as part of the terms of accession. The United States' participation in WTO accession negotiations has supported U.S. export interests, helped improve bilateral trade relations with applicants, and strengthened the WTO as an institution through enhanced trade liberalization and observance of WTO provisions. Since the establishment of the WTO in 1995, 26 countries have either become Members, completed negotiations for membership, or have made substantial progress on the terms of WTO membership. This figure accounts for over one-sixth of the total membership.

During 1995, some WTO Members acceded under simplified negotiations reserved for former contracting parties to the GATT, but all subsequent applicants have been subject to full Article XII accession procedures for the terms of their accession. Negotiations completed under these procedures have resulted in fully bound tariff schedules and broad services commitments. WTO Members have placed great emphasis on securing comprehensive tariff bindings, low bound tariff rates on priority items, and participation in the Information Technology Agreement, the Chemical Tariff Harmonization initiative, and other sectoral tariff-cutting initiatives initially negotiated during and after the Uruguay Round. Elimination of agricultural export subsidies and progressive reduction of other agricultural supports have been major U.S. priorities, as has the establishment of broad sectoral coverage for commitments in services for cross-border and commercial presence, with emphasis on financial services, telecommunications services, professional and other business services, environmental services, tourism, construction, audiovisual services, and other services sectors.

Major Issues in 1999

During 1999, in response to concerns expressed by some WTO Members that the accession process was too difficult for developing country applicants, the General Council reviewed the results of WTO accessions since 1995. Discussions focused on how the process could be streamlined and made more transparent, less expensive for small countries, and overall less complex. While no definitive answer to these concerns emerged from the discussions, WTO Members agreed that more technical assistance should be provided to assist developing countries in the accession process and that ways should be found to minimize the number of meetings needed to complete the negotiations. This is particularly relevant with regard to eight countries currently seeking accession, i.e., Bhutan, Cambodia, Cape Verde, Laos, Nepal, Samoa, Sudan, and Vanuatu and to a number of prospective applicants that are least developed countries with extremely low levels of income and economic development.

Of the 33 current accession applicants, 12 are countries that enjoy "normal trade relations (NTR) (called "most-favored-nation" treatment in the WTO) with the United States subject to the provisions of the "Jackson-Vanik" clause and the other requirements of Title IV of the Trade Act of 1974. Under GATT 1947 and the WTO, the United States has invoked the non-application provisions of these agreements.¹³

¹³Prior to 1999, the United States invoked nonapplication when Romania became an original Member in 1995, and when the accession packages of Mongolia and the Kyrgyz Republic were approved

During 1999, the United States invoked nonapplication with respect to Georgia for this reason. Pursuant to legislative authorization, the President granted Mongolia permanent NTR in 1999, and the United States established WTO relations with that country. Legislation was proposed during 1999 to grant permanent NTR status to Albania, Armenia, Georgia, Kyrgyz Republic, and Moldova.

Work for 2000

Demands on WTO delegations and WTO Secretariat resources for accession negotiations can be expected to remain strong during 2000. A number of the WTO applicants that made substantial progress in their negotiations but were unable to complete all aspects of their accession negotiations in 1999 will resume negotiations with a view to finishing the process. A number of the applicant governments have declared WTO accession a priority issue and will press to complete negotiations expeditiously. The United States also expects that countries currently outside the WTO system will seek to initiate accession negotiations. (A more detailed discussion of China's accession negotiations may be found in Chapter V.)

by the WTO General Council in 1996 and 1998, respectively. Congress subsequently authorized the President to grant Romania and Mongolia permanent NTR, and the United States withdrew its invocation of non-application in the WTO for these countries. The remaining WTO accession applicants covered by Title IV are: Albania, Armenia, Azerbaijan, Belarus, China, Kazakhstan, Moldova, Russia, Ukraine, Uzbekistan, and Vietnam.